

The Honorable James L. Robart

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

MICROSOFT CORPORATION, a
Washington Corporation,

Plaintiff,

v.

MOTOROLA, INC., MOTOROLA
MOBILITY LLC, and GENERAL
INSTRUMENT CORPORATION,

Defendants.

No. C10-1823-JLR

NON-PARTY MPEG LA LLC'S
JOINDER IN DEFENDANTS' MOTION
TO SEAL DOCUMENTS

NOTE ON MOTION CALENDAR:
FRIDAY, NOVEMBER 9, 2012

WITHOUT ORAL ARGUMENT

I. INTRODUCTION AND RELIEF REQUESTED

Non-party MPEG LA LLC ("MPEG") submits this Joinder and Motion, pursuant to Western District of Washington Civil Local Rule CR 5(g)(2), to seal certain confidential documents containing highly proprietary information, which were produced by MPEG in response to subpoenas in this case, and which may be relied upon as trial exhibits by Plaintiff and/or Defendants. As will be shown below and in the supporting Declaration of MPEG's General Counsel, Tony Piotrowski, there are "compelling reasons" to seal these documents that outweigh any public interest in disclosing them.

1 Defendant Motorola has filed a Motion to Seal (Dkt. 495) that includes, among other things,
 2 a request to seal certain MPEG documents that are the subject of this joinder and motion. In
 3 addition, it is MPEG's understanding that Plaintiff Microsoft has filed its own motion to seal in order
 4 to protect its own trade secret licensing information, as have other interested non-parties that have
 5 produced confidential information, such as Ericsson, Inc., and VTech Communications, Inc.

6 Accordingly, pursuant to Western District of Washington Civil Local Rule CR 5(g), and for
 7 the reasons set forth herein, MPEG joins Defendants' Motion to Seal to the extent that it relates to
 8 MPEG's highly confidential documents, and respectfully moves the Court for an Order that would
 9 require filing under seal of the MPEG license agreements and agreements among licensors ("License
 10 Agreements") and other exhibits that are derived from information contained in or related to the
 11 negotiation of the MPEG agreements. For the reasons set forth herein, MPEG respectfully requests
 12 that the Court grant its Motion to Seal and protect from public disclosure its highly confidential
 13 License Agreements, as well as information derived from and relating to the negotiation of those
 14 documents.

15 II. FACTUAL BACKGROUND

16 Microsoft served subpoenas *duces tecum* on MPEG on May 25, 2011 and March 7, 2012.
 17 In response to the subpoenas, MPEG produced a number of documents that it designated, pursuant
 18 to the terms of the Protective Order in place in this action (Dkt. No. 72),¹ as confidential business
 19 information. (Piotrowski Dec., ¶ 2.) As the Court is aware, the Protective Order entered in this case
 20 specifically extends to information and documents produced by non-parties. (Dkt. No. 72, at ¶ 15).
 21 Furthermore, the Protective Order states that, the court may determine that information alleged to
 22 be confidential is not confidential, and that if the court makes such a determination then "opportunity
 23 shall be provided to the supplier of such information to argue its confidentiality prior to the time of
 24 such ruling." (Dkt. No. 72, at ¶ 2(b).)

25 ¹ The stipulated Protective Order was entered into by Microsoft and Motorola to protect the confidential records
 26 produced by third parties, such as MPEG, pursuant to subpoenas. See Motorola's Motion to Seal, Dkt. No. 495,
 p. 9.)

1 By letter dated October 26, 2012, counsel for Microsoft advised MPEG that trial in this
 2 action is set to begin on November 13, 2012, and that the parties have identified as potential trial
 3 exhibits several documents produced by MPEG. The letter further advised that these documents
 4 would not be sealed unless MPEG demonstrates “compelling reasons” to keep them under seal. (*Id.*,
 5 ¶ 3.)²

6 Among the MPEG documents identified as potential trial exhibits, several documents had
 7 been designated by MPEG at the time of their production as containing confidential business
 8 information, specifically:

- 9 • an AVS Patent Portfolio License, dated January 24, 2005, between MPEG and
 10 Google, Inc., labeled MPEG LA – 000001-31, and designated “RESTRICTED
 CONFIDENTIAL – OUTSIDE COUNSEL ONLY”;
- 11 • an Agreement Among Licensors Regarding the AVC Standard, dated June 15, 2004,
 12 between a number of entities, labeled MPEG LA – 000096-114, and designated
 “CONFIDENTIAL”;
- 13 • an Agreement Among Licensors Regarding the AVC Standard, dated June 15, 2004,
 14 between a number of entities, labeled MPEG-MOT_54-90 and Trial Exhibit 1141,
 and designated “CONFIDENTIAL”;
- 15 • a Licensing Administrator Agreement Regarding the AVC Standard, dated June 15,
 16 2004, between a number of entities, labeled MPEG-MOT_91-132 and Trial Exhibit
 1636, and designated “CONFIDENTIAL”;
- 17 • a side letter, dated August 19, 2008, from MPEG to Motorola and considered as an
 18 attachment to a licensing agreement, labeled MPEG-MOT_1474-1534 and trial
 exhibit 21, and designated “CONFIDENTIAL”; and

21 ² As set forth in greater detail in the accompanying Piotrowski Declaration, Microsoft’s counsel first advised
 22 of the fact that MPEG’s documents may no longer be subject to the Protective Order in a letter to MPEG’s
 23 General Counsel, Tony Piotrowski, dated October 26, 2012, when Mr. Piotrowki was traveling in Asia. Due
 24 to Hurricane Sandy, however, MPEG’s offices were closed on the next business day, October 29, and until
 25 October 31, 2012. When MPEG’s offices reopened, on October 31, 2012, MPEG immediately undertook to
 26 identify the confidential documents that were produced and contacted outside counsel in an effort to arrange
 for local counsel to intercede and file the instant joinder and motion to seal. Local counsel was not able to be
 retained until late on Friday, November 2, 2012, the papers were drafted over the weekend and filed as soon
 as possible thereafter. To the extent the Court deems the instant motion and joinder to be untimely, MPEG
 respectfully requests that the Court nonetheless entertain MPEG’s application in light of the short notice
 provided by Microsoft and the intervening closure of MPEG’s offices due to Hurricane Sandy. (Piotrowski
 Dec., ¶¶ 4 - 8.)

- an email exchange between MPEG and Motorola, dated November 4 and December 10, 2009, concerning licensing issues, labeled MPEG-MOT_1870-1871 and trial exhibit 22, and designated “CONFIDENTIAL.”

As set forth in the Declaration of Tony Piotrowski, MPEG is in the business of, *inter alia*, administering sublicenses granting certain rights under patent portfolios to companies wishing to manufacture, sell or otherwise distribute products incorporating relevant technologies. (*Id.*, ¶ 9.)

MPEG operates within a highly competitive industry. The terms of its licensing agreements and its agreements among licensors (collectively, Licensing Agreements) are highly sensitive and confidential. Indeed, the contract terms between and among MPEG’s licensors, and those between MPEG and licensors on the one hand, and between MPEG and licensees on the other hand, are the essence of MPEG’s business. Should competitors or prospective counterparties discover the terms of MPEG’s Licensing Agreements, they would have a massive advantage over MPEG in negotiating future licensing agreements. (*Id.*, ¶ 10.)

Among the MPEG documents identified by Microsoft and Motorola as potential trial exhibits, several were designated by MPEG at the time of their production as containing confidential business information, including the above-identified Licensing Agreements. (*Id.*, ¶ 11.) MPEG considers these documents to be highly confidential, proprietary trade secrets, has kept each of these documents confidential, and produced them to Microsoft only under the understanding that, pursuant to the terms of the Protective Order, the documents would remain confidential. (*Id.*, ¶ 12.)

Indeed, the License Agreements contain highly confidential, non-public, business and financial information relating to licensing terms, licensed products, licensed technology and financial arrangements. If such information were released to the public, it could, and likely would, be used by MPEG’s competitors and potential licensees to gain a strategic advantage in the market, and in connection with current and/or future license negotiations. (*Id.*, ¶ 13.)

It is MPEG’s understanding that the parties may also seek to introduce evidence relating to correspondence, communications and/or negotiations of the licensing agreements. Should licensing agreements and related correspondence and information be made available to the public, MPEG’s

competitors and prospective counterparties would have a competitive advantage over MPEG. (*Id.*, ¶ 14.) Indeed, MPEG goes to great lengths to protect not only its Licensing Agreements, but also all correspondence, negotiations and other information related to such agreements from public disclosure. (*Id.*, ¶ 15.)

III. MPEG'S CONFIDENTIAL DOCUMENTS SHOULD BE SEALED

The Court may seal trial exhibits for “compelling reasons.” *See Kamakana v. City and Cnty of Honolulu*, 447 F.3d 1172, 1178-79 (9th Cir. 2006); *In re Midland Nat'l Life Ins. Co. Annuity Sales Practices Lit.*, 686 F.3d 1115, 1119 (9th Cir. 2012). The Ninth Circuit has explained that, “In general, ‘compelling reasons’ . . . exist when such ‘court files might become a vehicle for improper purposes,’ such as the use of records to . . . release trade secrets.” *Kamakana*, 447 F.3d at 1178-79 (quoting *Nixon v. Warner Commc'ns, Inc.*, 435 U.S. 589, 598 (1978)). The Ninth Circuit has adopted the Restatement of Torts’ definition of a trade secret, which states that a “trade secret is a process or device for continuous use in the operation of the business” and “may consist of any formula, pattern, device or compilation of information which is used in one's business, and which gives him an opportunity to obtain an advantage over competitors who do not know or use it.” *Clark v. Bunker*, 453 F.2d 1006, 1008-09 (9th Cir. 1972). Licensing agreements and related documents have been recognized as trade secrets, and thus courts have found there are “compelling reasons” to seal them. *See, e.g., In re Electronic Arts, Inc.*, 298 Fed.Appx. 568, 569-570 (9th Cir. 2008) (sealing license agreement as trade secret); *Powertech Technology, Inc. v. Tessera, Inc.*, 2012 WL 3283420, *9 (N.D.Cal. 2012) (sealing licensing information); *Abaxis, Inc. v. Cepheid*, 2011 WL 6002522, *1 n. 1 (N.D.Cal. 2011) (sealing term sheet of licensing negotiations).

By this joinder and motion, MPEG seeks an order sealing the identified Licensing Agreements, along with the related identified correspondence, which contain information relating to the terms and specifics of the Licensing Agreements. The agreements and correspondence are confidential, and if released to the public, would grant MPEG's competitors and prospective counterparties a undue advantage in future negotiations and transactions with MPEG. (Piotrowski

1 Dec., ¶¶ 13 - 15.) Under Ninth Circuit precedent, these documents contain trade secrets, and thus
2 there are “compelling reasons” to seal them that outweigh any public interest in disclosing them.

3 Accordingly, these highly sensitive MPEG License Agreements and related documents
4 should be sealed in their entirety, and any other exhibits disclosing or discussing the terms of the
5 agreements, as well as exhibits including the license terms or information relating to the negotiation
6 of the agreements, should be sealed to the extent that they include or disclose such MPEG highly
7 confidential information.

8 DATED this 5th Day of November, 2012.

9 NORTHCRAFT, BIGBY & BIGGS, P.C.

10
11 /s/ Aaron D. Bigby
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CERTIFICATE OF SERVICE

I hereby certify that on November 5, 2012, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which will send notification to all registered parties in this case.

DATED this 5th day of November, 2012, in Seattle, Washington.

/s/ Michelle A. Tomczak
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